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**FISCAL IMPACT STATEMENT**

**LS 6570**

**BILL NUMBER:** SB 96

**NOTE PREPARED:** Mar 15, 2007

**BILL AMENDED:**

**SUBJECT:** Preference for Domestic Foundry Products.

**FIRST AUTHOR:** Sen. Meeks

**FIRST SPONSOR:** Rep. Niezgodski

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires that foundry products produced in the United States must be used in state and local public works projects unless certain conditions apply.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** The bill could increase the cost of state public works projects. There is currently a requirement to use United States steel in public works projects if the cost of the steel is within 15% of the cost of foreign steel. The bill would extend the requirement to include foundry products. The increase in costs due to the addition of foundry products would probably be minor.

*Background:* For FY 2006 the state had about \$54 M in public works projects; \$26 M of the projects involved steel, and steel costs were about 15% of the project costs. It is estimated that there is a 10% premium for the use of domestic steel products, so the current additional cost of domestic steel is about \$400,000, or about 1.5% of the new construction costs. The use of foundry products in public works projects as compared to steel products is probably significantly less.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** See *Explanation of State Expenditures*.

*Background:* For CY 2005 the Department of Local Government Finance approved about \$693.6 M in new school construction and addition projects. Using the assumptions stated above, the additional cost of the use of domestic steel is about \$10.4 M. The additional costs of using domestic foundry products would probably

be significantly less.

**Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:** All.

**Information Sources:** Tom Coulter, Department of Administration 232-3001; *2005 School Construction Annual Report*, Department of Local Government Finance  
[http://www.in.gov/dlgf/pdfs/2005\\_School\\_Construction\\_Report.pdf](http://www.in.gov/dlgf/pdfs/2005_School_Construction_Report.pdf)

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